

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

August 1, 2014

Council Chamber

RECONVENE: 2:04 p.m.

PRESENT: Councilmember Mike White, Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member (out 3:05 p.m., in 3:06 p.m., out 3:30 p.m.,
in 3:53 p.m.)
Councilmember Michael P. Victorino, Member (out 3:04 p.m., in 3:15 p.m.)

EXCUSED: VOTING MEMBERS:
Councilmember G. Riki Hokama, Vice-Chair

STAFF: Michele Yoshimura, Legislative Analyst
Yvette Bouthillier, Committee Secretary

ADMIN.: Alan Arakawa, Mayor
Sananda Baz, Budget Director, Office of the Mayor
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation
Counsel

Seated in the gallery:

Wendy Taomoto, Capital Improvement Program Coordinator, Department of
Management
Mark R. Walker, Deputy Director, Department of Finance
Guy Hironaka, Real Property Manager, Department of Finance

OTHERS: Leahy Hall, Dowling Company, Inc. (representing RCFC Kehalani)
Brian Ige, Dowling Company, Inc. (representing RCFC Kehalani)
Grant Chun, Vice President, A&B Properties, Inc.
Dave Gleason, Partner – Maui Lani Partners
Steve Miller, Maui Lani Partners
Others (5)

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PRESS: *Akaku: Maui Community Television, Inc.*
 Melissa Tanji, The Maui News

**ITEM NO. 106: LAND ACQUISITION ALTERNATIVES FOR A
COUNTY SERVICE CENTER (CC 14-157)**

CHAIR WHITE: ...*(gavel)*... Good afternoon. The Budget and Finance Committee will reconvene from our Tuesday meeting and we're here to continue the discussion of BF-106, which is the selection of options for the Service Center site. And the Mayor has requested an opportunity to provide a PowerPoint presentation. So without objections, we will proceed with that before we get into any further questions.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Okay, with that we'll take a two-minute recess. Oh, thank you. Those in attendance are Chair Gladys Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR WHITE: Vice-Chair Bob Carroll. Member Stacy Crivello.

COUNCILMEMBER CRIVELLO: Good afternoon, Chair.

CHAIR WHITE: Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha, good afternoon.

CHAIR WHITE: Don Couch.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR WHITE: Don Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair. Thanks.

CHAIR WHITE: And Mike Victorino.

COUNCILMEMBER VICTORINO: Good afternoon and aloha, Chair.

CHAIR WHITE: And at the table, we have Mayor Alan Arakawa.

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MAYOR ARAKAWA: Good afternoon.

CHAIR WHITE: Budget Director Sandy Baz.

MR. BAZ: Aloha.

CHAIR WHITE: And Deputy Corporation Counsel Jeffrey Ueoka.

MR. UEOKA: Good afternoon.

CHAIR WHITE: And Committee Secretary, Yvette Bouthillier, and Analyst, Michele Yoshimura. So with that, Members, we will take a two-minute recess to bring down the screen and then we'll be ready for the Mayor's presentation. We're in recess. . . .*(gavel)*. . .

RECESS: 2:05 p.m.

RECONVENE: 2:07 p.m.

CHAIR WHITE: . . .*(gavel)*. . . The Budget and Finance Committee meeting will come back to order and we're ready for Mayor Arakawa's presentation. Mayor, please proceed.

MAYOR ARAKAWA: Good afternoon and aloha to you, Council members. Thank you for allowing me to speak before you today. I'm hoping to clarify the situation involving our Service Center and the Campus...the County Campus project. We have a tremendous opportunity here. There are two tracts of land that are being offered to the County for free. One of them is a beautiful beach on our North Shore and the other is the heart of a developing community. All we have to do to obtain these gift lands is something that we would need to do anyway, which is to purchase property for our Service Center because our lease is going to be up at the Maui Mall. Yes, we have extended the lease but we still need time to design and build the Service Center. There's really...we don't really have time to waste right now. You know, both options are good choices. The Service Center will do great in Kahului where the Maui Mall is right now...it's in Kahului. And there are benefits for the properties, especially the beachfront property in Paia. Now, there are some confusion about what's happening to the County Campus project if we buy one or more of these properties. As you know, we are paying about 3 million in rent for offices in Central Maui, the Trask Building, One Main Plaza, Wells Street, et cetera. The County Campus project was meant to get us out of rental office space and into our own buildings, which would save us money in the long run as well as be listed as positive assets when we go up for our bond rating. We all knew that, of course, but then came along...along came these offerings of gifted lands when we began to looking for properties for our new Service Center. And I want to point out that the Service Center...we didn't know that we were gonna to be ousted from the Maui Mall when we

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started the effort of designing the County Campus, okay. There was about a two-year gap from the time we presented for the County Campus and finding out and working...start working on the Service Center. Right now, it's all speculation, maybe will be office there, or maybe we'll build affordable housing, or maybe we'll rezone it, and sell it, and double our money. Whatever happens, you'll know about it because we can't do anything without Council approval anyway. That's the way the system works. Right now what is important is choosing one or both of these properties. So, I implore you let's keep the big picture in sight. We know we need more office space so that we can stop renting from others. We know we need a new Service Center location soon so we can design and build a new one before the lease runs out. We know the people have said they want to take advantage of one or more of these gifted lands that have been offered by Kehalani and A&B. Personally, I would like to buy both the Kehalani and A&B properties. Then once the new Service Center is designed, take a look at how it might affect the County Campus project. If there are changes to be made they will come to you with amendments. Your Council Chair has a saying, if you buy a property, you have an asset. You lease land and all you have are a bunch of receipts. I wholeheartedly believe that as well. If you find that buying both properties isn't something we should do at this time, then I would like to propose that you buy the A&B property for our Service Center, so we can grab that valuable beachfront property right between Baldwin and Lower Paia Park. This is a great opportunity to create more open space and provide more public access to a beautiful beach park. I have a beautiful picture of the area in the PowerPoint following this so you can see for yourself. Right now only a few families walk through the bushes to access this beach area along with dirt bikers who motocross through the hills there. That has to change. The County Campus project is still a good project. It keeps the seat of our government in Wailuku. It doesn't change just because we acquire more Central Maui office space. That is not a problem, it's an opportunity. Please help our community take advantage for this and mahalo. And we'll start the PowerPoint now. These are going to be our Service Center property acquisition proposals. And I cannot stress enough, these are mere proposals. What we are charged with as Administration is to be able to seek out opportunities and to present them before the Council, which is you, to get a decision from you as to whether these acquisitions are good, bad, or otherwise. They're merely proposals. Next. Currently, the Service Center lease will run out by the end of 2016. Real Property Tax/DMV leasing about 17,450 square feet at Maui Mall. The annual lease rents about \$496,402 and that has an escalation clause. We need to find a new site for the Service Center operations and construction facility prior to the lease ends. That's our challenge. If you look at the sequence of events, now, the first two blocks, we were just...it sort of following rumors. We'd heard that A&B was planning to sell the Maui Mall and so we started to look at what are the possibilities and what are possible sites. We looked at areas to be able to rent. We looked at areas that we could possibly buy. We were working with Maui Lani Partners on one of the properties. And we then put out a RFP and we got three different proposals. One from Maui Lani, one from A&B, and one from Kehalani. We did our

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analysis and we sent to you...this going to be difficult. Do we...don't happen to have a light here do we...some kind? Reading this in the dark is really difficult. Flashlight some kind? Thanks, Sandy.

COUNCILMEMBER VICTORINO: There you go. Here comes the Finance Director to the rescue.

MAYOR ARAKAWA: Okay, on March 27th, Fiscal Year 2014, the budget amendment was submitted to Council and appraisals were transmitted April 22, 2014. On June 12th, the first Council requests were received for information. On June 30th, there was to be provided by June 30, 2014, that we provided the responses. Then on June 13th, Fiscal Year 2015, budget amendment submitted to Council and the appropriations...the appraisals were transmitted June 16, 2014. July 21st, you had, did a site inspection. Here we are, the second Council request received, and for your information that was actually due on August 8th, but we're here to answer questions today. July 29th, Budget and Finance Committee meeting. We're looking at, next page, possible solutions. We could lease another comparable space. We could acquire property with an existing suitable facility. We could acquire vacant property to create a new Service Center. We looked around and trying to find a comparable leasing space is very, very difficult at best because we need such a large space. And the fact that we'd be leasing and we'd have to invest probably several million dollars to redesign the office space and try and get it to where it's feasible. It didn't seem like a good proposal at this point and we just really couldn't find another office space in the near proximity to look at. And when I say near proximity, I mean Central Maui. Acquiring property with an existing suitable facility, we looked around and there was no office space that's available that's been designed to do what the Service Center does. You know, it's a very unique facility. It has to be designed in a way that it will be most beneficial for our County employees to be able to do their job. Acquiring vacant property and create new Service Center to us seemed to be the best venue because then we could create the space that we needed, the size we needed, and also to be able to build in all the amenities we needed the first time, and we wouldn't have to go through a whole remodeling process, and we'll have new space that the, our employees can be working in for as long as we have the Service Center. Next, the proposed solution. We propose to acquire a blank slate suitable property to site new Service Center in Central Maui. We want to fund and expedite planning and design for new Service Center, fund construction for a new Service Center to be complete and ready to move in prior to lease expiration. Okay. And again, we're looking at a very short window until the lease expires. Next. The property options that we're looking at: Kehalani and the Maui Business Park Phase II. Kehalani properties are approximately 5.021 acres, cost 7.145 million. It's centrally located near the new Longs Drugs, Walgreens, and Foodland. The seller's will include an additional 14.416 acres of agriculturally zoned land in close proximity to the site, which is right across the street. Additionally, lands could be land banked, rezoned, and eventually sold or developed to

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recoup land costs. And I have a map of the Kehalani Village, next slide, properties. As you can see, the blue arrow is pointing to the 5.021 acres, that lot you visited. The other red area on the opposite side of Longs Drugs, you can see that big area, that's the 14.416 acres of proposed donated land. It is agriculturally zoned, but we can do what we want to it as you in the Council can rezone property if we choose to. Maui Business Park II properties, it's 4.101 acres, 6.5 million. It's centrally located near the new Target, Walmart, Home Depot, and other stores. The seller will include an additional 35.5 acres of prime ocean front ag lands near Baldwin Beach Park. Additional land has priceless value to community ensuring open space and future beach park options. If you look at the picture, next slide. This is the lot in the Maui Business Park, which you visited. And one of the things that occurred in the negotiation for this, the property that the lot that's right next to the roadway they actually were going to charge us more for it than the other lots, and we were able to talk them into selling us the property at the same rate that all the other lots are being purchased. Now, one of the of the reasons that I like this particular lot really well is the drainage basin...the 100 year drain storm basin right next to it is going to be developed into a park. And this would be a very ideal place to have green space if we have people that are coming into the Service Center, if their children want to go out and play in this park. We can create a gateway and have them play in the park while their parents are doing work, or we can use this park for some other way of being able to entertain the kids. And this good view plane, you know, our office workers will have a really nice place to look at and not having the entire 100 year floodplain park there to be able to look at. The next slide. If you look at...this was the donated lands that A&B is proposing to donate to us. If you notice from the right-hand side, Baby Beach in Paia, all the way to what is now the existing Baldwin Park. Now, they did offer us the graveyard site as well that is there and we declined that site. We cut it out because we thought it would be more a liability than an asset. This particular site for almost as long as I have been in elected office has been discussed by the community in Paia, Haiku, the CACs when they were meeting in this last community plan as one of the most desirable sites for the community to acquire. Quite frankly, even if this were offered to me as a separate site, not having to do anything at all with the Service Center, I would consider \$7 million a steal. Just on the opposite side of this where we have the Montana Beach property and we had to do a settlement, we paid about \$5 million for about six acres. Five million dollars for about six acres and this particular site is about 35.5 acres. Now, I will also tell you that originally A&B asked me if I would prefer Baldwin Park, okay. And we already are using Baldwin Park. We already have this as an active area. It's not likely that Baldwin Park will be taken away from the community. So, I believe, we'll to continue to be able to use Baldwin Park. The area that we're looking at, the 35 acres, will actually increase the area of what will be a Baldwin Complex there...Baldwin Park Complex or whatever name you choose to put to it. And it will increase that area by another roughly 35 acres. So, to be able to have this entire area opened to the public has been a dream of mine and the community for as almost as long as I have been in elected office. I can't remember not going to a meeting in this area and talking about the area

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and not wanting the public to acquire it. So, this has been one of the goals that I have had personally is to try acquire this area for the community. To have this gifted to us in the manner that it's being made is just to be just absolutely remarkable, out of this world, unthinkable gift. Now, when we were talking about these lands previously, right across the street there was a housing complex that was proposed, there was a huge shopping complex that was proposed. There were a lot of things that were proposed to tie in to this parcel and even then it wasn't going to be for free. So, now not have any of those strings put on it and to be able to look at the Maui Business Park II, which is at roughly appraised value. This entire 35 acres, 35.5 acres, I think, in and of itself is a priceless value, and you should really seriously consider this. If we had to buy it what would we be willing to pay for this property? I don't think there's any question that the community would find a \$7 million price tag just for the park...a huge, huge bargain considering we paid \$5 million for six acres in the same area. So, you know, six acres into 35, five times, five million, we'd be looking 20, \$25 million if we're looking at comparable. But it's not comparable 'cause it was a settlement, but it would be very, very expensive if we were to try and buy this. So, I think, this is just a great acquisition and I urge you to really consider this strongly. Next, property recommendations. Considering...you can consider buying or acquiring both properties due to the substantial additional benefits of land attached to both proposals. In both proposals, I believe, the gifts are worth more than the actual acquisitions themselves, which was, to me, very remarkable our being able to negotiate this. If the Council is unwilling to acquire both properties, consider the one with the most long-range benefit to the community. Next. We do have a commitment to Wailuku. We will continue to move forward with design of facilities at the Old Wailuku Post Office site. There are no plans to move existing and current sited County operations out of Wailuku. We are not considering options to site the Service Center at the Wailuku Municipal Parking Lot. That was a question that was brought up. And a lot of that is due to the fact that we've had multiple meetings with the Wailuku community. Now when Wailuku Main Street was there, the businesses that are there, MRA now, there would be huge traffic impacts, already the roads are substandard. If we were to try and bring all of the people that have to go to the Service Center into the Wailuku area on those substandard roads, we'd be creating a huge traffic impact. And until I can see a way to be able to resolve the traffic impacts, and in my mind looking at the area and studying it for close to 20 years, we would have to condemn a lot of buildings to be able to get a two-lane highway on each side, a four-lane highway going through there, looking at what's happening in the Waihee area, the, all the developments that are coming up. The traffic is going to get even worse. To try and now move all of the traffic from Kahului that's going to the Service Center into this area would be a huge mistake. There are constraints to try to move it to Wailuku. And again, modifying the existing roadways, acquiring and demolishing existing facilities, upgrade the infrastructure (the sewer, water, electrical, roads, et cetera), all of this area would create a huge cost to us as a County. Next. Just as a sideline, if we were to look at the Kalana O Maui Building...this building that we're in, which was constructed in 1972, and the approximate cost of construction at

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the time was about \$10,370,600, and it's approximately 77,502 square feet. If we assumed the 20 year GO bond that was the debt paid off in 1992, the average lease rents, \$3.08 a square foot, the estimated lease savings we would have would be about \$239,000 a month, that's about \$2.868 million a year. That's the benefit we have over owning this building over renting. If we were renting, we'd be paying another \$2.868 million a year for this square footage. Next. The County currently leases 83,563 square feet of space in Central Maui. The County currently spends 3,092,502 annually on these spaces. The County has been experiencing extremely low bond interest rates. The last sale that we bought just last month, 2.63 percent. Okay. Leasing does not create an asset for the County and its citizens, as the Chair has often said, and I've quoted her many times. No, we don't want to end up with a bunch of receipts. We want to actually have an asset in property. Acquiring one or both of these properties will allow the County to create an asset for future generations just like the Kalana O Maui Building complex is an asset. Next page...different scenarios. Provided in response to the letter from Chair White dated June 12, 2014, the Administration submitted the different scenarios to help stimulate discussion. It is not set in stone. It was not meant to put you in a corner. It was provided in attempt to be collaborative, cooperative, and participatory. Now, when we were asked if we would present possible scenarios, we give you possible scenarios. It's a given, it is a given that you as the Council have the final word as to what we're actually going to do and will have major impact on what we're going to finally end up with. Now, we can put in a lot of different scenarios depending on what you want to do. When we looked at the Old Wailuku Post Office area years ago, we came up with one scenario because we didn't know Maui Mall...we were going to get kicked out of Maui Mall. Now that we have these properties that have been offered to us, that leaves a whole different realm of speculation that we can now get into. If we buy one, if we buy two, then these are opportunities to be able to reanalyze our situation because the circumstances have changed. Do we have to? No. Do we have to build anything on these properties? Do we have to buy the properties? No. We do have to do something about the fact that we are moving or going to be moved out of the Service Center in Kahului. However, the option is still with the Council. If you choose to be...if you choose for us to go out and rent, then you don't accept any of the properties, we'll end up renting. If you choose one, two, both, or you wanna try and do everything here at the Old Post Office area, there are possibilities and we will try and work with whatever is there. But none of those scenarios have been discussed at any length because as an Administration we pledge to you that we would be cooperative and we would include you in all the major discussions. Every time I come down I've asked you to be inclusive in all of the discussions, and we don't want to come over here and say okay, this is what is going to happen and this is cut in stone, because that would be excluding you. Instead what we've come down and we have said these are the options that we've been looking at. You pick. You decide what should be the best and then tell us. Next. In Scenario 1, if we purchase one of the properties we can plan and design new facilities for Service Center operation, construct the new Service Center facility, and we should be able to

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complete construction by late 2016 or early 2017. The estimated cost and we're gonna have to look at depending on what property you pick up the land cost; planning and design depending on what we want be able to put in those structures, the actual construction costs after we decide what is going to be specifically in the buildings. And we're going to have to look at repair and maintenance. Develop and consider options for the additional donated land. We can do that anytime you choose to. None of that has to be built immediately. It's just an option on, and if we have that land, we have options that we can work with. Scenario 2, Purchase Two Properties. We can plan, design, construct the new Service Center on one or the two sites. I would recommend very, very strongly the Kahului site for the Service Center. We continue to work with the existing plan to complete, design, and construct our facilities on the Old Wailuku Post Office site. We can develop and consider options for second acquired property. We can develop and consider options for additionally donated land, such as the beach park. This will be up to you, as a Council, as to how we want to proceed after we figure out what we're gonna do and you make your decision as to what we're gonna acquire. Then we can have real discussions about what the possibilities are. Scenario 3, you could purchase both properties. Plan, design, construct new Service Center on one of the two sites by late 2016, early 2017. Consider modifying design of facilities at Old Wailuku Post Office site to spread out operations to both acquired properties. Determine operational efficiencies based on proximity, excuse me, like-work, customer base, and other criteria. Provide proposals to Council for input, consideration and discussion. Develop and consider options for additional donated lands, such as the 14 acres or the beach park. Scenario 4, we cannot acquire either property. We can shut down the Service Center. We can try to distribute the Department of Motor Vehicle and Real Property Tax operations to smaller leased facilities in Central Maui. It will reduce the efficiencies and incur greater cost of operations, and it will lose the opportunity to acquire incredible valuable properties in Paia and Wailuku, that essentially are worth more than the proposed site we would like to acquire. Next slide. This is just a recap of the four scenarios that we just went through so when we hand this out to you, you can go through this yourself. I don't want to go through...take all this time to go through each one of these again. At this point, I would just want to say thank you very much, mahalo. And next slide, Wendy. Okay, Wendy, that's not part of my...that's not on my printout.

CHAIR WHITE: Done?

MAYOR ARAKAWA: Next.

UNIDENTIFIED SPEAKER: Done.

MAYOR ARAKAWA: Yeah, so I just want to take this time to say thank you and I'm open to questions.

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CHAIR WHITE: Okay, we'll take a two-minute recess to reset the room. Thank you, Mayor.
...*(gavel)*...

RECESS: 2:37 p.m.
RECONVENE: 2:39 p.m.

CHAIR WHITE: ...*(gavel)*... The Budget and Finance Committee will come back to order. Members, we'll open the floor up for questions. Actually, we're just in the process of distributing the presentation copies. Okay, Members, we'll open it up for questions to the Administration. Ms. Baisa.

COUNCILMEMBER BAISA: Thank you very much, Chair. And thank you very much, Mayor and Administration, for the presentation. It was good to have that. I'm going to get down to the bottom line. Financially, how does this fit?

MAYOR ARAKAWA: Financially, when I'm looking at our County as a whole and our budget as a whole, this amount of money is well within our ability to be able to absorb as a project.

COUNCILMEMBER BAISA: One or both?

MAYOR ARAKAWA: I think both of them. And the reason that, I think, that it would be wise to acquire both is the value of the assets will become...will make our County assets expand that much more. The value of what we have will be that much more and it gives us a lot of flexibility. So, if we wanted to, for instance, take the Kehalani parcel and then we were to rezone it, we were to subdivide it out, and sell it. We could probably recoup the cost of both the Maui Business Park Phase II and the Kehalani properties in value. The opportunities are for us to decide as to what we want to do, but it will give us that flexibility. The total amount of assets when we look at what the County has whether it's in cash or it's in property, they're still assets. So, when you take a business perspective of it, we're not losing anything by buying. We're just changing our asset from one type of asset to another. And because of the very low interest rate that we have now, it would be the time to be able to make these acquisitions feasible. If the interest rate were much higher we would have to do recalculations, but when we're paying 2.63 percent it makes sense to be able to acquire these properties while we can. Now, the given is that Maui County has been growing for a number of years and the probability is Maui County will continue to grow for a number of years. To be able to adjust to all of the things we have to adjust to in the future, which we don't really know what they are, having that flexibility built into our government system, I think, would be a tremendous help for future generations. We can start the process. We probably won't use all of the property at one time. We probably won't know what the best uses are, but as a County we've looked and we tried to acquire land for affordable housing. We've tried to get others to

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do affordable housing. This asset will give us an opportunity to build affordable housing if we chose to use that property that way. To acquire beach parks and properties, you know, we've gone out of our way to try and acquire beach parks through the beach acquisition fund...property acquisition funds. And in the past, the Council has appropriated money to buy Paukukalo, Mu'olea Point in Hana, I mean, I can go through the whole scenario of properties that we bought. We've actually used our County assets to buy these properties for the community. Here we have an opportunity to get 35 acres of what I consider some of the best oceanfront properties for the community for free. That's an asset that overwhelms all of the expenditures.

COUNCILMEMBER BAISA: So, Mayor, to pursue that the method of funding would be what GO bonds?

MAYOR ARAKAWA: Bond.

COUNCILMEMBER BAISA: Okay, all right, thank you. Thank you, Chair.

CHAIR WHITE: Thank you. Members, other questions for the Administration?

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you very much, Mayor, for being here and Budget Director, 'cause, I guess, the last we recessed this meeting from Tuesday and that was a lot of questions that day. And thank you for being here to clarify and get us more on point with what the intent is in moving forward here. And, I agree, with the, you know, the A&B property and the donation land in Paia that is definitely a tremendous nice donation that can be gotten. But, I think, one of the questions that still linger for me is the property next door, the Old Wailuku Post Office area, and it was deduced from Tuesday that if we purchase one or two of these other properties then that whole project will be scaled down. And during budget if I recall, I mean, we appropriated a certain amount. We were shown design plans for an idea and we all approved that. And so, is that changing? I guess, that's still lingering for me.

MAYOR ARAKAWA: It's really up to you as Council members, okay. When we came to you with that proposal we didn't...we weren't considering buying this Kehalani property or the Kahului Industrial property. Now if I were to come to you today and said okay, we're going to buy this, but I'm not going to give you option on how to rethink what we talked about earlier even though we've got new circumstances. You'd be looking at me as to why? As an Administration what we're trying to do is we're trying to say you think it out, work with us, think out what are the possibilities. Do we want to continue what

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we're doing? But with the new options that we have now, do we want to reconsider some of those options and possibly change the way we were thinking? It's really in your hands as Council members. You know, you're gonna have to fund the final project, right? You're gonna have to approve and fund the final project. So, the final decision is going to be by the nine Members sitting here as to whether or not you want the options to be everything in the Old Post Office or you want to change because you're acquiring new site? Until you make a decision as to which way to go, all we can do is say you have options. We won't know...I don't know today whether you're going to acquire the A&B site, or the Kehalani site, or if you're going to want to possibly reanalyze maybe moving some of the offices to the different site. I don't know. So, all I can say is these are options. One of the things that is probably fixed that we should consider is no matter what happens to any of the other sites, we're gonna need parking. So, the Old Wailuku Post Office we probably should construct some parking stalls no matter what and it probably could be three or four stories because we need the parking anyway in this area. But as far as what goes into it, you know, I'm still not clear because we still haven't had that discussion. Is the Council wanting to move into the new quarters? Are we going to be restructuring how we're going to be doing the office space in this building? Are you going to need new spaces for your staff or our staff? Who's going to do what? That's still up in the air because we haven't had that discussion. All we're doing is getting a proposal to start the discussion. Our job is to give you scenarios that you asked for and then it's up to you to make the final decision.

COUNCILMEMBER COCHRAN: Yeah, thank you, Mayor. I guess, what I'm getting at is that the...there were plans and designs presented to us at the time in regards to the Wailuku Campus study, and that in my mind anyway is thinking that, you know, design was going through and it was moving forward. But now, as you say as we're presented today and that we have other options to purchase additional lands to address the Business Center, you know, soon to be closing and what have you, which I understand all that too. But the point is with the original Wailuku Campus study just assuming that it was, you know, going forward, but now it sort of sounds like it's at a standstill in, you know, in reference to how are we going move forward with these new options that are now on our table. So, I'm looking at parking, of course, Wailuku Municipal lot, it's been discussed for additional parking for many years. And then my question is too about the Public Works Baseyard down on Kaohu because of the Wailuku Baseyard that we purchased a couple years ago, which I don't know where the status is on that at this point either. But I would think that what's gonna happen that's couple plus more acres down at the end of this road that could be utilized for, you know, Service Center or something. I mean, offices that are now under rentals and leases. So, just kind of thinking, I think, to Mr. Hokama's point, he's not here today, but he brought up the fact that we do have some land as County, and that are we gonna be utilizing any of those options versus search out new lands but build upon what we already own thereby cutting costs down obviously and acquiring more office space.

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MAYOR ARAKAWA: Let me suggest then to answer your question. If I had an endless amount of time I could build the new baseyard, move all of our facilities out of that baseyard, then restructure the Wailuku baseyard into something else. That would take me probably six to ten years to be able to get everything in mind and do everything. I have roughly two years to be able to move out of the Maui Mall, okay. So, is that a possibility? It could be a possibility but that would involve leasing for the time that we don't have a facility and that's really still an option of you and Members of the Council. Looking at the options that you have, you know, we do have other properties. I mean, we could put the Service Center in the Kihei Regional Park or Keopuolani Park or some place that we already...that we already own, one of our parks. But is that the most practical use of County funds and our County facilities in our County areas? You can mull it over and go over it. In our evaluation to zone a business which we already have in Kahului and in Kehalani, that's already done. That would probably take us one to two years to go through the zoning process to be able to then get all the permits and everything else that we need, that'll take us another year or so to be able to go through that process. We would run out of time to do the construction before, you know, before we actually get it built. So, we're looking at one of the best scenarios for us at this point and that is the Kehalani property and the Kahului property are both zoned, we have ability to go in there and start construction as soon as we can design. So, the possibility of doing the design and build is within the time span that we're looking at for the extension and that's why we're proposing those might be the best options. But again, you know, as we said before, you can lease. You can try and squeeze things into smaller areas and scatter the different agencies around. But I don't think that's a good option, you know. It just...if we sit down and we talk about each of the properties one by one, I think, we'll find that in the end most of these options because of the time frame, because of what needs to be done are not necessarily the best. Now, the baseyard over here we're doing a lot of mechanic work. I'm not sure we're not going to have to do major cleanup of oil and other kind of contaminants in the soil. I don't know. We may have to do major excavation of the soil to be able to utilize that property for almost any kind of construction. And you know, it's been there for umpteen years longer than I've been in government. So, those are the kind of things that can come up. From the practical concern because I'm looking at a short time frame, the options I'm giving you are what we from Administration after our research are what we consider the best options. They're not the only options, but when we put up an RFP and we had people, companies write in and give us options, we did the analysis. We had three companies. We picked two. If you choose to buy all three that's your option, too. I mean, really you guys have the control of where we're gonna end up. So, all we can do is give you suggestions and tell you what our research has been and what we're looking at, which is what we're doing today.

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COUNCILMEMBER COCHRAN: And thank you very much again for your time, Mayor.
Thank you, Chair. I'll relinquish the floor.

CHAIR WHITE: Okay, Members? Mr. Victorino --

COUNCILMEMBER VICTORINO: Thank you and...

CHAIR WHITE: --followed by Mr. Couch.

COUNCILMEMBER VICTORINO: Thank you very much, Chair, for allowing us. And, Mayor, thank you for being here. You know, and, I know, Chair, you gave us some additional information which, I guess, we'll discuss a little bit later, yeah, very enlightening. So, thank you very much. We can always count on you for figures. We can always count on you, that's --

CHAIR WHITE: Sometimes.

COUNCILMEMBER VICTORINO: --yeah, no, no, thank you. Mayor, you know, I guess, the overall concern that some colleagues have expressed about the Service Center, I guess, when we did the Campus study and you brought that to us a year or a year-and-a-half ago, I forget how long ago that was. I think, at that time, the Service Center was brought up and it was part of the conversation, and I had said then that traffic would be a nightmare trying to get the Service Center in Wailuku Town. And I'd like to remind my colleagues that down there traffic is a nightmare at Kaohu and Waiale. So, don't be thinking of putting anything there that has high volume. You know, know areas before you talk and that's all I got to say. I don't go into other people's areas but that area prone for flooding, and also traffic is a mess, and you got the school adjacent to it. So, I don't think it's a great idea to put anything that's heavily traffic there, but we can use that property for something else. Okay, so, I tend to disagree with my colleagues as far as, you know, putting something there as far as a Service Center or something like that. I still think like you that if we can get both that would be great, but if I gotta choose, and I said that the other day, A&B would be the one because it kinda like brings everything together. You know, you got all the highways around that, Mokulele, Hana Highway, everything kinda interconnects...Kuihelani, all comes into this area. Once the new highway with a State bypass, that's also gonna change that dynamics over there, too. So, there's a lot of changes that occurring there. If I can't have two then if that's the only one I can have then fine, you know, and it's just not only the 35 acres that is appealing. It's the fact of the location, when you look at the location it makes the most sense. Kehalani is right here. I like it too and if I can get both I'd grab both, Mr. Chair. If we can afford it, I'd grab both because it's better to own than to lease. And your figures show that leasing in the long-term still is better, I mean, purchase is better than leasing. You know, and when you own something it's an asset, I agree with you, Mr. Mayor. It's an asset.

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When you lease, like Ms. Baisa said, she just get a bunch of receipts and cannot argue with that. The other question I have for you, Mr. Mayor, is if we were to choose and, I guess, if we were to choose the two locations, I think, the concern I had heard from some of my Members was the more space we build the more people we hire. Is that your intent, you know, 'cause, I think, we're looking at efficiency. We're looking at downsizing government because a lot of businesses have downsized government, I think, that's the right direction to go we, along as we can provide the correct services, the correct needs of our community, and we wanna make it efficient and compact. So, by buying these properties, if you bought the two, Kehalani and the Maui Business Park, excuse me, what would you say...what would the utilization here at Kehalani be your primary goal, considering that we're gonna do the post office and our Service Center would be at the Maui Business Park?

MAYOR ARAKAWA: Well first of all, we're not looking at expanding our County employee base just because we buy one property or the other. Neither acquisition has anything to do with expanding the County workforce. The County workforce that we have right now, you know, we're reorganizing quite a few of the departments and where we need people, we need people and then we brought it to you. But you'll still have the option of looking at every employee that we put in, and every E/P that we have, that all goes through Council. We can't just as an Administration just add bodies to add bodies. So, anybody who's going in that direction is going in the wrong direction. As far as future employee base, if the County grows, and the needs are expanding, then we may need more bodies. If you come up with different things that require more people then we have to consider it, you know. When you look at the Charter amendments, for instance, we have to create sustainable environmental group, where four years after the County Charter was amended we're still not there, but that may add a few more bodies to be able to take care of the issue. If other requirements are put in as the...we put in the Auditor. His staff had to be established. You added more bodies. So, I can't say that more bodies won't be added, but I will say is our intent is not to have any new bodies because of the building. Well if the system requires it then you agree then that expansion would occur or constriction for that matter. You know, summarily you've constricted the number of people, that could also occur. So, the options are really with you but our intent is not to add more bodies just for the sake of adding it. Now, who and what would go into those buildings if we were to create it? That also will depend a lot on our discussions. Now, in order to streamline government, you know, we may want to put all of the permitting areas of government in one place so that people that are walking in to see, to get a permit can all go in one place and it'll all be done. We may want to do that. It's an option. Social service agencies, all the different ones that are scattered all over the place, we may want to put 'em all together in one area, and so that all the services can be rendered in one area. That's an option. My Administration what we're looking for is to get out of a lot of the leases. So, depending on what you decide for the Old Post Office site or the Campus expansion then we have to be able to adjust to what we're gonna try and do in the other

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areas. And if we can put things here and you're gonna go along with the original Campus expansion plan and work that then we probably wouldn't build in the Kehalani area for a while 'cause we wouldn't have to. If you choose to move some of the facilities there and not build according to what we're looking at then we have to try and figure out how you make the adjustments. But the number of employees that we have now, the different branches that we have now are gonna be the same whether you buy it or not. How we adjust those to make it more efficient? That's gonna be something that we have to have a conversation on in how we are reorganizing. And we are reorganizing some of the departments, so, especially our Parks Department. So, we need to be able to look at the specifics and how we wanna do it and where we wanna put people.

COUNCILMEMBER VICTORINO: Thank you, Mr. Mayor, and again, one more thought that I'll throw on the table and it's just a thought, Mr. Chair, and Mr. Mayor. You know, if we were to get Kehalani, you know, that 14 acres on the other side, that would be wonderful senior housing, everything close by, walk across the street, supermarket, McDonald's, Longs Drugs, Walgreens, everything seniors would want right there, and a park just below it. Boy, is that a real dream? Now, I just put a dream out there. Now, don't...nobody told me to tell that. I just said what I just dreamt about last night.

MAYOR ARAKAWA: And the only caveat is when we build that you and I have to have reserved rooms when we go there. Oh excuse me, Chairman Baisa, you get claim too. But, yeah, the potential is endless. It depends on what the Council, Administration decide we want to be able to do with those properties. Senior housing, affordable housing, any potential, even selling it to recoup some of the cash that we put out, that's a possibility. But it's really going to be up to us how we want to do that.

COUNCILMEMBER VICTORINO: Thank you.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. With all this talk about government downsizing, government, et cetera, think about back in 1970 when they were discussing this down on Kalana Pakui discussing this building here. The population probably was around 60,000, maybe 50,000 in 1970, or less, okay. And they built a 77,000 square foot building. There was no way that they were ever going to fill that up in their dreams and look at us now. So, I'm saying, yeah, we don't want to grow government as any faster then we have to. We'd rather slow it down a lot, but if we go by the Maui Island Plan which we do in all of our other Committees, it says we're gonna grow to a certain rate by 2030. And so, at that same time the government probably will grow hopefully under the stewardship of whomever is in the next 30 years that slows it down a little bit. But it's still gonna grow so we're gonna need space eventually, and if we're smart and when monies cheap now, maybe get a little bit more space to grow beyond 2030 or wherever.

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So, I'm not worried too much about filling the space right away but eventually in 50 or 60 years, we're gonna fill the space regardless. So, that's one thing. The other is, as Mr. Victorino says, it would be great to get both if we can, if we can afford it. because worse comes to worse if we put everything at the Kahului site and then we have 30-plus acres of oceanfront property, which is again priceless, we'll also have 14 acres of property that we could conceivably take about six to eight months and rezone it, and if we need to in five or six years sell it back to somebody, and we'll pay for everything with that if we ever got into I would say dire straits. I doubt we're gonna to because this Council has a history, this body in this room has a history of really taking care of funding for the County. They've been keeping the County at a good rate even in the lean times. So, I have a feeling that everything will work itself out. We'll have space that we can buy at a lower rate of dollars now even if we have cash or if we have to do bonds. We'll look to the future in 20 years and say that was a good thing, you know, Mr. White in his Budget and Finance Committee and his Members did a great job in getting...thinking ahead. But I'd just like to see if we could think ahead. Speaking of thinking ahead, I'd like to ask Mayor, you know, you say we have what two years in the lease. You were able to extend the lease one year. Is there...are there any options in that lease to even go further than that if necessary?

MAYOR ARAKAWA: Possibly one more year, Sandy was telling me. The challenge comes out...this really is something that you all need to consider. When A&B sold the property to the guys that own it, when we were originally talking to them they wanted to resell the property. So, I'm not sure who's gonna...who we're gonna end up negotiating with in the end or if we're gonna...what we're gonna have to do. I was actually very, very pleased that we were able to get the extension that we did get, because for the longest time we couldn't even get the new owners to talk to us. So, I'm not...possibility of one more year after that but.

COUNCILMEMBER COUCH: I understand that, but there's a potential there so that there's a little hope there. I don't think it's going to take us too long to make the decision. I just depending on what the agenda looks like I don't see that happening, so I don't think there'll be an issue. It's not a super dire thing at this point, but I don't want it to drag on either. So, I really, in looking at this, and listening to all the testimony, listening to all the comments and looking at all the options, it certainly seems like as it's been said many times before, no-brainer to get the A&B property. No offense to Kehalani guys. But if we can let's think ahead into the future, you know, and potentially get some more land. I mean, we, again, we ran into this last time with, you know, looking at our issues with Palauea Beach. You know, they wanted to be fiscally responsible and for the want of the million dollars we got two lots instead of ten. So, you know, I understand being fiscally responsible. There's two ways. There is fiscally responsible for today or fiscally responsible for the long-term. I'd like to look into the long-term.

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MAYOR ARAKAWA: And if I may comment just a little bit on this. You know, as a Council member, as an elected official, there are just a couple of things that I really, really regret having been in this position that we couldn't have actuated. Palauea Beach was one of them. We could have had the entire Olowalu for \$8.8 million and that was 880 acres...could've had that whole area. We didn't buy it. Now, we're, gotten, , we're involved in all kinds of controversy because we didn't choose that. And, of course, One Main Plaza, which we would've paid for, completely paid for already on just the lease rent that we've put into that since we had the discussion about buying it. Those two items tell me that sometimes being, you know, pinching pennies is not the best thing to do. We have to look ahead as to what the potentials are and where we'll have the best results economically. If we had done those three properties this community would be way, way further ahead than where we are today. And so I'm just asking all of you to really seriously consider what the options are, and I will also state I cannot remember a time when we've been given options with these kind of gifts. You know, for A&B to come in and offer us that entire beachfront area after we've been working for at least 20 years in trying to acquire it, for them to come out and just voluntarily say hey, you know, we'll gift this to you, that's almost like a miracle from the sky. I mean, for me, it hit me where I didn't expect it at all. I asked because it was my job to ask, but I didn't expect them to say yes. And when they did, that Kehalani involved in the debate, and the competition, and we ended up with 14, little over 14 acres over there. Looking at the value of the property that they have, the appraisal value of that property and how much discounted it already is, to ____ the 14 acres, any business on Maui would jump at the chance to acquire those properties at the discounted values that we have. So, take a look at it and, you know, even the Maui Lani proposal, they worked with us really hard to try and come up with a good proposal. It's just unfortunate they don't have all these gifts that we're getting, add-ons made the value so much better just because of those add-ons. But don't let an opportunity slide past.

COUNCILMEMBER COUCH: Thank you, Chair.

COUNCILMEMBER CRIVELLO: Chair?

CHAIR WHITE: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you. Thank you, Mayor, for being here this afternoon with your presentation. There's no question that, you know, I personally value the opportunity that we have for the Baldwin area and what we need to do to satisfy the immediate requirement of fulfilling a site for the Service Center. I just trying to get through my mind as far as what we talked about, like in about February of 2013, and seeing where we are as far even the expenses for us to expand here the Campus Plan...Master Plan, as well as the office building at the Old Wailuku Post Office. So, in checking back I see we're looking at 61,000 square feet of office space for Management,

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Finance, and Environmental Management, and Housing and Human Concerns. So, there are two departments that we're paying rent for that would go there and that according to our discussion in 2013, it was about \$24 million. And then the office building that the second site is at Miyahira property and that's for the Public Works, Planning, and possibly Liquor according to that discussion we had there. And then for us to make decision and when we were talking about that, again, it was to push in an aggressive schedule because of the spending money in what you mentioned as far as terms of rent...the amount of money we spend in rent. But when I listened to the discussion the other day, it was depending, not knowing where we're going with these designs until we make up our mind what properties we're going to purchase with this new spending. But I also, you know, credit to your Administration. In February of last year, in the minutes it says Mr. Regan said that it was difficult to consider the Service Department to be here in Wailuku because he did address the traffic problem. So, it's not so much where we're gonna put the Service Center, because, I think, that discussion came up when we talked about the Campus Plan that possibly not in this area. So, my thing is the immediate is for us to get the Service Center designed and the concept in place. Is that my understanding coming from?

MAYOR ARAKAWA: Yeah, that's our immediate goal and that's so to face the challenge of being moved out of Maui Mall.

COUNCILMEMBER CRIVELLO: Okay. So, then and, you know, you were referring that we have to make that decision according to the discussion that we're having now and maybe further as to where we gonna put the Service Center. But am I to understand it then everything else will be put on hold for the office buildings that you're talking about here in Wailuku as well as the Miyahira property?

MAYOR ARAKAWA: The Miyahira property was part of Phase II if I remember correctly.

COUNCILMEMBER CRIVELLO: Yes.

MAYOR ARAKAWA: So, Phase II was sort of put on hold by Council. Phase I, we've started to work on that, then we've been having discussions on what should and should not be. When we were going ahead with this the consultant that we hired to do the Master Plan originally, the conceptual, you know, we had to start adjusting depending on what we're going to end up with. So, part of the confusion that we have is, are we going to complete out the project or not? If we're not going to complete out the project then the designs that we need to be able to put in are a lot different than if we're gonna complete the entire Campus program. And if we're gonna do that then acquiring the Miyahira property and putting the whole package together. We can continue with that, but we need to know to a reasonable certainty that that's what the Council really wants us to do. Now, if you remember there was a lot controversy about the Old Wailuku Post Office lot and it was

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going back-and-forth, back-and-forth, and there's still a formal investigation going on. So, we slowed everything down because that seemed to be the direction and let's settle that thing, get it out of the way, and then we can start moving. But until we settled it, we resolved it, if you remember the discussion in Council was why are we putting any money into it at all? So, for the Administration we're looking at if there's gonna be questions in the Council's minds as to whether they're gonna fund anything, if we just go ahead and spend money and do a design it could be just throwing that money away. Now, we wanted to...we were expecting that investigation would've been done several years ago so then we could continue, but that's still coming back in discussion periodically about while we still have an investigation should we do it. We don't know. I mean, if you can put out or whatever, you know, we want to have everything completed, done. You know, I don't really care about how much detail if we gotta come down here and we gotta testify and go through the whole court like proceeding. I was perfectly willing and happy to do that two years ago. We're still happy to do that. To this point, I've never been asked one time to come down to the Council and explain the situation. The only time I came down was to apologize and say hey, you know, technically we may have made a mistake and we should come down to the Council to get this approval. And I take the blame for that and I have already but that, to me, if we had settled that then we wouldn't be discussing at all whether or not we should proceed or not, but that cloud hangs over everything that we're doing, so.

COUNCILMEMBER CRIVELLO: So, is that reason why we're not looking at the Phase I now?

MAYOR ARAKAWA: We're looking at Phase I, but we're proceeding slowly on Phase I. But at this point, if you remember the discussion in this Council as to whether or not any money should be put there at all, we don't know where it's gonna go. We're getting a contractor. We gonna start. We're gonna make some assumptions, but we don't know where you wanna go with it then.

COUNCILMEMBER CRIVELLO: I'm just, Mr. Mayor, I'm just trying to, you know, understand which would be the major priority for expenditures at this time. And if it means that we have to this is on hold or then we need to find the \$13 million or \$7 million or whatever we decide to purchase. That's what I'm trying to see now this be on hold or not.

MAYOR ARAKAWA: We're working on Phase IA at this point. We're contracting and we're starting to...we're working on it, but we're doing it very cautiously. If Council decides you want to not fund the ____ construction, you wanna use that money to construct the Service Center, then that will be your decision, you know. We think that you can probably go through with both, but, you know, when you look at our total budget and we have to make decisions that during budget every year as to what are going to be the Capital Improvement Projects and what are not, this discussion probably should have

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happened last year during the budget process so that this year when we're looking at the Service Center acquisition that may have already been put into the budget to have discussion. But, you know, every year we do the same thing. We don't always include everything that we're looking at acquiring so there's no fault in not putting it in, but it's not...then again it's not clear as to exactly what should and should not be funded long-term. We come to certain speculations and we've changed our minds more than once.

COUNCILMEMBER CRIVELLO: Yes, we have. Thank you, Mr. Mayor. May I and this may be not here, but I'm curious to know how much land assets the County has on records. Will we be able to have that information?

CHAIR WHITE: May I please have that?

COUNCILMEMBER VICTORINO: Mr. Chair, I have just requested that very same item because I was very curious to know what we have. So, I did on my behalf and I was, you know, I didn't think about the Committee. But, you know, I think, that's being worked on right now and if you wanna, on behalf of the Committee, if you write a letter, that's fine.

CHAIR WHITE: Yeah, if you could provide it to the Committee I'll be happy to disburse it.

COUNCILMEMBER VICTORINO: Yeah.

COUNCILMEMBER CRIVELLO: Thank you, Mr. Victorino.

COUNCILMEMBER VICTORINO: So, 'cause I had the same question as you do. How much do we own? And, you know, so, thank you, Mr. Chair.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR WHITE: Thank you.

COUNCILMEMBER CRIVELLO: Thank you, Mr. Mayor. Thank you.

CHAIR WHITE: Mr. Carroll.

COUNCILMEMBER CARROLL: Thank you, Chair. I figured I better talk before we run out of time over here. Actually I don't have a question, but I would like to make a statement if the Chair would indulge me. I'd like to pass on the thoughts that or reflection of the calls and my talking to people in the community in Wailuku and elsewhere in Maui County. That other option where we have the lot in Kahului, everybody is very strong for that

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because of the Baldwin land acquisition. Very, very strong feelings because they feel that area is so important and so culturally necessary to preserve. When I brought up that about having the Service Center in Kahului, they didn't like that. Most of them were saying that if we're going to have government in one place we should have it generally in one place, which would be in the Wailuku area as the seat of government. When I said well, if we buy that we have a piece of land. They tell well can't we use it for something else? And after, this is my own thoughts. I have looked for land before. County doesn't have land. We don't have land. State has a lot of land. The County has land for water tanks and other things. You go look at the map, you try to find a piece of land. We don't have it. I tried to find land for Maui Food Bank and other things over the years, and there's many organizations that are really need a place that's serve our community and the Kahului area would ideal for many, many projects that we could put in there. As for the Wailuku purchase, the land over there, it's felt that, that is keeping it in this general area, and everybody from contractors to just the general population doesn't like to run all over the place. They were hoping that we could develop that and, of course, the Wailuku Post Office even having the appropriate services near into expanding this campus. I know, it's a lot of money and we talked about that of which is general people talking story, and they said well, it's not going to get any cheaper, and this is to serve our community. We can hem and haw about it, but the bottom line is if we don't do this now we're gonna face these problems later and somebody else will probably have to address them. Some of these thoughts were mine. Most of them are coming from people I have talked to out there and, I think, we really need to listen to that. I think, the other members they must have heard a lot of the same thing that I'm passing on to you now. And I hope that somehow we can make this work in a financially responsible way. If we have that Kahului property it doesn't mean we have to develop it now. It can stay there for a while...that's just fine. Just because we have something doesn't mean we have to use it immediately to find the appropriate use. If we can develop this other by Longs over there and, of course, the Post Office area, I think, that would be a big start in having the type of facility that can truly serve our people in Maui...on Maui County. Thank you, Chair.

CHAIR WHITE: Thank you. Ms. Baisa.

COUNCILMEMBER BAISA: I wanted to make a couple more comments, Chair, and that is in regards to the thought that's being kicked around about well, if we build a big building we're just going to fill it up with people. You know, I've been in this building now for eight years and one of the big problems we have here is space. We don't have space that's adequate for what we're doing here already. You know, we're really constrained in terms of having places to meet. Our Staff, I feel sorry for some of the staff particularly in our Council Services Offices. You know, their chairs almost touch each other. They have no privacy. They're in an open situation where everybody can hear what everybody has to say. There's no place to function. I mean, I'm very fortunate and spoiled now that I'm in the Chair's office, which has room. But I did sit in a Councilmember's office and

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I know how that is. And, you know, walls are paper thin. There is no way to have any kind of confidentiality in our digs. And so, you know, without a whole lot more bodies we need more room. Also, if we're going to bring the people that are in the leased areas that we have now there is a real need for space without really expanding the Staff. I just wanted to point that out. Thank you.

CHAIR WHITE: Thank you. Members, we're gonna...Ms. Cochran.

COUNCILMEMBER COCHRAN: Sorry, Chair, you looking for the afternoon break coming up? But real...sorry.

CHAIR WHITE: I was going to let the Mayor go, but if you've got more...

COUNCILMEMBER COCHRAN: Oh, yeah, well, probably Mayor or probably Budget...okay, real quickly though in regards to the rentals and leases and totally agree that we need to offset that and better to own then to rent and lease. So, the One Main Plaza, you know, we were talking...are our leases and rental agreements soon to expire? I thought they were and, I think, on the Ueoka Building also we have different departments spread out all over. I don't know them all, but if I recall during budget and the push for, you know, the building next door, it was in reference to we have leases that are expiring so rather than renew them for another three whatever years let's, you know, move forward with building and then housing everyone under one roof type idea.

MR. BAZ: Mr. Chair and Member Cochran, on Exhibit 3D of that June 30th letter, from the Managing Director, there is a listing of about 83,000 square feet of property, a bunch of properties there, and it has an expiration date of the leases on there. It doesn't include the Ueoka Building, but it includes most of the others that we were planning on redistributing.

CHAIR WHITE: One of the Chair's concerns with this discussion is that I don't recall this Council ever saying that we didn't want to put money into the Old Wailuku Post Office Building. And, in fact, we authorized \$1.5 million for design in November of last year after the controversy was put somewhat to rest. The concern was that...the concern that I have now is that the expiration of the leases was the big reason we need to move and move fast, and to hear only, you know, only after we sent a letter asking for information that nothing has been done on the design in the last nine months is a little bit concerning, and to hear that it's because the Service Center is a new discussion. I don't believe it is. So, you know, I think, we've got some things to work through and some things to get our arms around. There's no question that we need to move ahead. There's no question that we need to move ahead with the Service Center more rapidly than many of these other priorities. But the Chair's interest is in making sure that we have all the information we need to make dollars and cents out of the basic decisions and then move ahead with

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things as we go. There was a representation made that I had asked for different scenarios. I re-read my June 12th letter. I didn't ask for any scenarios. I asked for plans if any existed. I asked for their thoughts on what might be done with the other areas. So, it's a little disconcerting that we're being charged with, you know, creating confusion when, I believe, the confusion was created by the various scenarios that said that we're gonna...we're looking at reducing the scope of the Old Wailuku Post Office Building, when, in fact, we authorized the design at the full height of nine stories and we've not heard a thing since. So, communication goes both ways and the ball is in their court, because we authorized the money and understood that the design was going to go forward. So, we will further evaluate these things and we need to move into some other areas at this point. So, we'll take a ten-minute recess and then reconvene and go through some of the other --

MAYOR ARAKAWA: Mr. Chairman?

CHAIR WHITE: --questions.

MAYOR ARAKAWA: Just one, one more comment.

CHAIR WHITE: I'm sorry. I think, you've had plenty of time this afternoon...

MAYOR ARAKAWA: I just wanted to make sure that what you are saying, I'm hearing it correctly, that is to go ahead with the Wailuku, Wailuku Post Office, the design to the nine stories?

CHAIR WHITE: We gave you that authorization in November of last year...

MAYOR ARAKAWA: Okay, that's all I wanted to know. I'm making sure that that's what I heard.

CHAIR WHITE: Okay, with that we'll be in recess. Thank you. ...*(gavel)*...

RECESS:	3:30 p.m.
RECONVENE:	3:52 p.m.

CHAIR WHITE: ...*(gavel)*... The Budget and Finance Committee meeting will reconvene. Members, we have handed out information requested from the developers and this is in regards to the request for them to calculate maximum building size that could be constructed on their parcels. We've received the information in writing from Kehalani and Maui Lani and so...and then Mr. Chun has done the calculations and has them with him. So without objection, the Chair will bring up Maui Lani first to share with us their calculation, and then we'll bring up Kehalani, followed by Mr. Chun representing A&B.

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COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. Yes. If you could state your name for the record, Mr. Miller.

MR. MILLER: I am Steve Miller. I'm with Maui Lani Development and ours was the smallest of the three parcels that was offered at three acres. And in our analysis looking at the availability of the requirement for parking...well first let me review the zoning. This is the Maui Lani Village Center, VMX Zoning, the height limit is three stories, 48 feet. The floor area ratio is 1.0. The lot coverage ratio is 60 percent. So, when you take all of those factors into account plus your required parking, which is one stall per 500 square feet or two per 1,000 square feet, we come up with a possibility of 120,000 square feet of leasable space based on a 40,000 square foot footprint, three stories tall. And what that yields is approximately 240 parking stalls and that's basically just a mathematical calculation. Once you get into planning and, you know, you have setbacks and additional landscaping and stuff it could go down, but that's the maximum for three acres.

CHAIR WHITE: Okay, thank you. Any questions for Mr. Miller, Members? Thank you very much. And now, if we could have Brian Ige.

MR. IGE: Good afternoon, Committee Chair White, Council members. My name is Brian Ige with Dowling Company. We represent the landowner, RCFC Kehalani.

CHAIR WHITE: Members, Mr. Ige's presentation is one of the...

MR. IGE: I believe, all of you were given this map that we kind of prepared. I'll be speaking to the map. Based on the land area and the current zoning, the maximum floor area that could be built up on this five-acre parcel is like 400,000 square feet plus. Obviously, that's not going to happen. So, what we've done is taken our existing site plan that we had for develop for the County facilities on the site and similarly add stories to these buildings. Based on the parking plan that we've done for the site and the...how we laid out the buildings basically, we believe at least 115,000 square feet of office space could be developed along with 243 parking stalls that meets all of the Zoning requirements.

CHAIR WHITE: Okay, so, to be clear, that could actually go up because of the size of the lot if the footprint were reduced to allow for additional parking?

MR. IGE: Correct. I mean, if you get a structured parking, you certainly could add more office space on the site.

CHAIR WHITE: And what is the height limit?

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MR. IGE: Four stories.

CHAIR WHITE: Four stories. Okay, Members, any questions for Mr. Ige? Mr. Couch.

COUNCILMEMBER COUCH: The questions you just asked kind of touched on it, but I just wanted to double check. With the 437,000 square feet that includes required parking?

MR. IGE: No, the 437 is the maximum floor area ratio. So, you could, I mean, if you did a structured parking conceivably you could get to that square footage. I mean, from our perspective that would never happen.

COUNCILMEMBER COUCH: Okay, all right, thank you.

CHAIR WHITE: The exercise is simply to see how much office space we could put on any one of these given parcels, and just for perspective, the 115,000 that he states on this sheet compares to, I believe, the number was 83,000 that we're currently leasing outside the County Building...County-owned facilities. Any other questions for Mr. Ige? Seeing none, thank you very much. Mr. Chun.

MR. CHUN: Good afternoon, Mr. Chair, and Council members. The lots at Maui Business Park comprise about 4.1 acres. Assuming 90 percent lot coverage and the requisite setbacks required by ordinance, you could achieve a 120,000 square foot three-story building, along with 300 surface parking stalls on the acreage at Maui Business Park. You probably don't want to get to this level of intensity, but zoning actually allows for up to five stories within the Zoning District that Maui Business Park enjoys. So, that would be if you go five stories you could actually do 390,000 feet along with 975 parking stalls if you go structure.

CHAIR WHITE: What was the square footage number?

MR. CHUN: Three hundred ninety thousand.

CHAIR WHITE: Okay, questions for Mr. Chun? Mr. Couch.

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Chun.

CHAIR WHITE: Mr. Victorino, did you have your hand up?

COUNCILMEMBER VICTORINO: Yeah, but that's okay. Let 'em go first, go ahead, no problem.

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COUNCILMEMBER COUCH: Thank you. Looking at the map, again, each lot is that a separate TMK or is it one big TMK, because, I think, I would think that setbacks would change if it were individual TMKs unless we did a consolidation, right?

MR. CHUN: Right. They're individual lots.

COUNCILMEMBER COUCH: Individual TMKs?

MR. CHUN: They are individual lots. I don't know if the TMK numbers have been assigned yet by the County, but they're individual lots.

COUNCILMEMBER COUCH: So, they will be okay?

MR. CHUN: Right. So you'd have to consolidate in order to --

COUNCILMEMBER COUCH: We would have to consolidate --

MR. CHUN: --yeah.

COUNCILMEMBER COUCH: --in order to build that high? Okay, so that's an extra added time anyway if not expense. Thank you.

CHAIR WHITE: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, thank you, and I get that along the same lines of questioning I was going to ask you. So, when you're saying 3,000, I mean, you said 390,000 square feet, or am I hearing you wrong?

MR. CHUN: That's correct.

COUNCILMEMBER VICTORINO: That's the total you could build based upon consolidation?

MR. CHUN: Zoning. Yes, you'd consolidate it.

COUNCILMEMBER VICTORINO: Yeah, it would be consolidated to do that?

MR. CHUN: Yeah.

COUNCILMEMBER VICTORINO: Right now they're all separate TMKs so you'd have to all build separately the way it stands right now?

MR. CHUN: That's right.

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CHAIR WHITE: We would need to do the same thing at Kehalani with the three parcels.

COUNCILMEMBER VICTORINO: Yeah, but, I think, the three parcels already are separated because even when I look at the pictures all three are built...they are separate. Well, I don't know. I just thought maybe we like build one big building that's what I'm looking at. You know, so, I was looking at, you know, Kehalani is 115,600 square feet and you're saying, you know, whoa, you know, 390,000 square feet. That's a pretty big building and you can go five stories high if I heard you correct.

MR. CHUN: The zoning would allow five stories.

COUNCILMEMBER VICTORINO: Five stories?

MR. CHUN: Yes.

COUNCILMEMBER VICTORINO: Okay, okay. Okay, Mr. Chair. Thank you.

CHAIR WHITE: Any other questions?

COUNCILMEMBER COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran.

COUNCILMEMBER COCHRAN: I know you said the number, but I didn't get it. Mr. Chun, for the total of parking stalls, what was that parking?

MR. CHUN: With the largest square footage scenario?

COUNCILMEMBER COCHRAN: Right.

MR. CHUN: If you go structured parking you could go 975 stalls and still fit everything.

COUNCILMEMBER COCHRAN: Okay and, yeah, I know, you're like not sure if we wanna go like this but just --

MR. CHUN: I mean, up to you.

COUNCILMEMBER COCHRAN: --to get an idea of the numbers, yeah. Thank you. Thank you, Chair.

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CHAIR WHITE: Okay, any further questions, Members? Okay, Members, we will be...as soon as we get the information from the Administration in response to the....my July 25th letter, we will distribute that to you since it's in response to a letter that's already in. We don't have to do that in Committee. So, with that we are adjourned. Thank you all.
...*(gavel)*...

ACTION: DEFER pending further discussion.

ADJOURN: 4:02 p.m.

APPROVED:



MIKE WHITE, Chair
Budget and Finance Committee

bf:min:140801:df

Transcribed by: Delfey Fernandez

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CERTIFICATE

I, Delfey Fernandez, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED this 26th day of August 2014, in Wailuku, Hawaii.



Delfey Fernandez